

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
September 15, 2000
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on September 15, 2000 in the Auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: Chairman Gregory C. Jones, and Members, Joseph A. Lamendella, Sterling M. Ryder, Staci M. Yandle, and Stuart P Levine.

Also in attendance were: Administrator Sergio E. Acosta, Deputy Administrators Joseph Haughey, Allan S. McDonald, Thomas Swoik and James W. Wagner, Deputy Chief Legal Counsel Jeannette P. Tamayo, and other members of the staff.

Chairman Jones re-convened the Closed Session at 9:35 a.m. in the 3rd floor Board Conference Room. Member Lamendella arrived at 10:05 a.m.

The Board convened its Open Session at 1:56 P.M.

Chairman Jones apologized for the late start of the meeting.

Minutes

Member Levine moved that **the Board approve the following open session minutes of the Illinois Gaming Board:**

- **Open Session Minutes:**
 - **Special Meeting of November 30, 1999**
 - **Special Meeting of May 25, 2000**
 - **Regular Meeting of July 18, 2000**
 - **Special Meeting of July 24, 2000**
 - **Special Meeting of August 25, 2000**

Member Lamendella seconded the motion. The Board approved the motion unanimously by voice vote.

Chairman's Report

Chairman Jones stated that, over the last few months, staff has done a tremendous job in preparing a report for the Board in regards to the Emerald Casino. Chairman Jones stated that the Board has had the opportunity over the last two days to review the report, and, as a result, the Board still has certain questions that need to be addressed. Chairman Jones stated that because of the serious concerns by the media, public and licensee, the Board will not take final action on Emerald Casino. He announced that final action for Emerald Casino would be placed on the agenda for the October meeting.

Administrator's Report

Administrator Acosta announced that on August 22, 2000, he sent a letter to Mr. Robert T. Cechini, and on September 11, 2000, he sent a letter to Mr. Lawrence Scialabba advising the two men that they were being excluded from Illinois riverboats. Mr. Acosta stated that both the Riverboat Gambling Act as well as the Board's Adopted Rules provide for the exclusion of certain undesirable individuals from Illinois riverboats. Mr. Acosta stated that, prior to these exclusions, it has been almost four years since the Gaming Board has excluded anyone from Illinois riverboats. Mr. Acosta stated that the area of excluding undesirable individuals from Illinois riverboats has been somewhat neglected and announced that the Gaming Board is going to become more active in terms of identifying individuals who should not be on Illinois riverboats. Mr. Acosta stated that both Mr. Cechini and Mr. Scialabba had been convicted in April 2000 of federal conspiracy, gambling, money laundering, tax and obstruction of justice laws.

Member Ryder questioned if staff could review and advise on the possibility of excluding persons who leave children unattended in their cars outside of casinos.

Administrator Acosta stated that, currently, the Gaming Board or riverboat security advise the local police authorities when a situation like that happens. Usually the individual is arrested; DCFS is always notified. Mr. Acosta stated that staff will certainly follow up by reviewing the possibility of excluding individuals who leave their children unattended.

Public Commentary

John C. Foley with Interim Holdings, LLC was present to discuss Argosy. Mr. Foley read excerpts from a hearing in which Argosy requested that a lawsuit, which was filed by Mr. Foley, be dismissed. Mr. Foley read a prepared statement that was given to the Board members and Administrator Acosta. Overall, the statement outlined alleged misconduct by Argosy.

Anita R. Bedell, representing the Illinois Church Action on Alcohol Problems, was present to discuss the hours of alcohol sales at the docked casinos. Ms. Bedell stated that, for the past year, casinos have been allowed to sell alcohol the entire time they are in operation because the Gaming Board has not approved a change in the rules of hours of alcohol sale. Ms.

Bedell stated that it is time to impose limits on the hours of sales to protect the well-being and safety of the public.

Susan Gouinlock, representing the Illinois Casino Gaming Association, was present to discuss the hours of alcohol sales. Ms. Gouinlock stated that the members of ICGA believe strongly that there is no reason for the Board to change its longstanding successful policy of permitting alcohol sales during all gambling hours. Ms. Gouinlock stated that the only amendment that is needed to Board Rule 3000.930 is the removal of excursion related language. Ms. Gouinlock stated that proposed language has been submitted to staff. Ms. Gouinlock identified three primary reasons why ICGA members believe that no further changes to the rule are necessary: (1) there has been no demonstration of a problem with how the casinos serve liquor under the existing policy; (2) curtailing patron amenities would result in loss of tax revenues to local communities; and (3) restricting liquor service hours would contradict the legislative intent.

Board Policy Items

Deputy Chief Counsel Jeannette Tamayo stated that the issue of hours of alcohol sales arose last summer between members of the general public, licensees and the Board. At that time, the consideration was that the Board might wish to leave the decision-making and the establishment of the hours of alcohol sales to local government officials and a rule was proposed to accomplish that. Ms. Tamayo stated that the rule was subsequently withdrawn. Staff was asked to set specific hours and to look at the hours of operation of the casinos and the relationship of those hours of operation to local business establishments and the local ordinances governing alcohol sales in other types of establishments. Staff proposed the rule at the July 2000 meeting. The rule recommended that the hours of sale be set between 10:00 a.m. and 2:00 a.m. Several members expressed that the amount of time allotted for the sale of alcohol was insufficient within the gaming industry. Other members wanted to review additional comments submitted by members of the general public. Ms. Tamayo stated that staff have received approximately 140 letters from the general public supporting the hours of sale between 10:00 a.m. and 2:00 a.m. Ms. Tamayo shared comments made by the Mayor of East St. Louis, Players Casino, Hollywood Casino, the Mayor of Metropolis, Harrah's, the Mayor of Alton and several community organizations. Ms. Tamayo stated that staff are recommending that the hours be set from 9:30 a.m. to 3:00 a.m.

Member Ryder stated that he has never heard so much unpersuasive public comment on a rule. Member Ryder stated that he does not think this issue is an issue that demands immediate Board action.

Chairman Jones stated the issue was presented because once the boats were not engaged in any excursions, there were no rules in effect, and under the statutory mandate for the Gaming Board, the hours of service are to be set by the Board.

Member Lamendella stated that he is concerned that citizens could be jeopardized by the service of alcohol by anyone, including the boats. Mr. Lamendella stated that the hours of 10:00 a.m. to 4:00 a.m. would be a better choice, in his opinion, explaining that school children should be able to arrive safely to school.

Member Ryder moved that, **upon review of information submitted during First Notice and since the Board's July 2000 meeting, the Board approve the Second Notice filing of Proposed Rule 3000.930 with the Joint Committee on Administrative Rules, with the following language:**

Amended Rule 3000.930

Hours of Sale

~~Local law or ordinance applicable to dock or to locations where Riverboat patrons embark or disembark to the contrary notwithstanding, a~~ A holder of an Owner's License may sell alcoholic beverages or furnish or permit the same to be consumed on the Riverboat at any time, ~~during a scheduled excursion or as the Administrator shall determine consistent with such scheduled excursion. A gaming day is measured from the start of each calendar day to the finish of the gaming operation in each 24-hour period, from 9:30 a.m. to 4:00 a.m. each Gaming Day. Any Owner Licensee ending a Gaming Day at or before 4:00 a.m. may sell alcoholic beverages or furnish or permit the same to be consumed on the Riverboat from 9:30 a.m. until one hour prior to that Licensee's close of Gaming Operations that Gaming Day. A Gaming Day may begin on one calendar day and end the next calendar day, provided that the Gaming Day does not extend beyond the uniform 24-hour period selected in advance by the licensee.~~

Member Ryder further moved that **the Board authorize the final adoption and publishing of the above-referenced rule, provided no material changes are made to the rule during the Second Notice process.** Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

Owner Licensee Items

EMERALD CASINO – Mr. Michael Ficaro was present on behalf of Emerald Casino. Mr. Ficaro stated that Emerald representatives eagerly await for October 17th meeting for final approval of their renewal, relocation and financing.

Member Ryder stated that the Board is now in possession of an preliminary staff report, and in studying the report, it appears that Emerald and its owners have been buying and selling shares quite frequently without prior Board approval. Member Ryder asked why the owners did not seek Board approval prior to the transfer or sale of shares. Mr. Ficaro stated that he would have an answer for the Board within the week.

Member Ryder asked if there was a transfer of beneficial ownership or an attempt to transfer beneficial ownership as a result of some of the transactions. Mr. Ficaro stated that he would have an answer for the Board within the week.

Member Ryder stated that he doesn't understand the urgency of selling or transferring shares. Member Ryder asked why the sales or transfers could not have waited for Board action. Mr. Ficaro stated that he would also answer that question within the week.

Member Ryder asked who was the Chairman of the Board of Directors of Emerald. Mr. Ficaro stated that there is no current Chairman.

Member Ryder asked if there was a reason for not having a Chairman. Mr. Ficaro stated that he couldn't answer the question as it deals with corporate matters. Mr. Ficaro stated that it was the first time that the question has been posed and that he would have an answer for Member Ryder within the week.

Member Ryder asked what was Emerald's position with respect to HP's responsibility to finish dredging the Mississippi refuge wetland as was required by the U.S. Fish and Wildlife Service. Mr. Ficaro stated that he is not able to answer that question but would have an answer for Member Ryder within the week.

Member Ryder expressed his concerns about the payment of adjusted gross receipts as a percentage of gaming income. Member Ryder also asked how the contractors were selected for the casino construction. Mr. Ficaro stated that he would get an answer to the Board within the week.

Member Yandle stated that she would like to see more information on the Tourism Commission that is being established. Mr. Ficaro agreed to provide all information requested by the Board within one week.

At 3:03 p.m., Member Lamendella excused himself from the meeting, and therefore did not participate in any actions that the Board made following his departure.

ALTON – Cory Aronovitz and Brenda Bauer were present on behalf of Alton Belle Casino to request initial consideration for license renewal. Ms. Bauer stated that she recognizes that many members of the Board and staff do not get the opportunity to tour the downstate casino properties so she prepared a brief videotape to give Board members and staff an overview of the property. The videotape also illustrated the relationship that Alton Belle has with the City of Alton. The videotape gave an overview of the management structure, economic impact in the community, investment capital, tax revenues generated, casino growth, employee relations, payroll growth revised internal controls, and community support. Charitable contributions, which have increased 87% from 1999 to 2000, were highlighted.

GRAND VICTORIA – Donna More, Pete Dominguez, General Manager for Grand Victoria, other Grand Victoria staff members, Elgin’s City Manager, and the Mayor of Elgin were present on Grand Victoria’s behalf to request initial consideration for renewal of their Owner’s License. Mr. Dominguez stated that Grand Victoria prides itself in offering first class customer service and believes that, over the last several years, it has created one of the premier gaming properties in Illinois and within the country. Mr. Dominguez stated that Grand Victoria recognizes its regulatory responsibilities and continuously trains its staff in the internal controls and rule modifications that are issued by the Board. Mr. Dominguez stated that Grand Victoria has an excellent corporate citizenship relationship with the City of Elgin. Mr. Dominguez presented a short video, which highlighted Grand Victoria’s property, its commitment to the community, its commitment to the employees, and its commitment to the State. Elgin Mayor Schock stated that the progress that Elgin is making today is in large part due to Grand Victoria. Mayor Schock stated that not a day goes by when the City of Elgin does not feel the impact of the facility and that Grand Victoria is a great asset to the city of Elgin. Joyce Parker, City Manager, stated that Elgin’s economic impact has been tremendous thanks to Grand Victoria. Ms. Parker stated that tax dollars from Grand Victoria have funded community development initiatives such as Elgin’s downtown family Recreation Center, a public water park, a new police station, and neighborhood revitalization. Mike McQuaid, Chairman of the Kane County Board, stated that Grand Victoria paid over \$35 million to Kane County and the Kane County Forest Preserve for the Community Improvement Fund.

PAR-A-DICE – Theresa Parker, Comptroller, and Donna More were present on Par-A-Dice’s behalf to request initial consideration for a waiver of a financial reporting condition that was placed on the casino at the time of the acquisition by Boyd Gaming . Ms. More stated that the condition required that Par-A-Dice continue to report its finances as if the acquisition never occurred.

Administrator Acosta stated that staff has prepared a brief memorandum regarding the issue, which has been submitted to the Board, and that a final memorandum will be prepared.

HOLLYWOOD CASINO – Pat Medchill was present to ask for initial consideration on a \$10 million expansion to Hollywood’s barge project. Mr. Medchill stated that, because of the Lake County Riverboat litigation, he and his company have concerns about moving forward with the large barge project. Mr. Medchill stated that he would like to make an addition to the link barge that would allow all of the gaming positions to be removed from the smaller vessel on the west side of the casino and placed on one level. Mr. Medchill stated that the addition to the link barge would make Hollywood more competitive in the market.

Administrator Acosta asked if the new barge would be added on to the existing link barge. Mr. Medchill stated that it would be added to the existing link barge and that all together it would result in one link barge and one boat.

HARRAH'S JOLIET – Mr. Tom O'Donnell, Senior Vice President and General Manager, and other Harrah's Joliet staff members were present to request final consideration for Harrah's license renewal.

Based on the staff's investigation and recommendation, Member Yandle moved **that the Board renew the owner's license of the Des Plaines Development Limited Partnership, operating Harrah's (Harrah's) casino, for a term of 4 years. In renewing this Owner's License, the Board commended Harrah's for its responsiveness to issues raised by the Board at its renewal last year and its willingness to work promptly and cooperatively with the Board in addressing problems that arose this past year.**

Member Yandle further moved that, **based on the staff's investigations and recommendations, the Board approve the following persons and entities as Key Persons of the Des Plaines Development Limited Partnership:**

- 1) **Harrah's Entertainment, Inc.;**
- 2) **Harrah's Operating Company, Inc.;**
- 3) **Harrah's Illinois Corporation;**
- 4) **Des Plaines Development Corporation;**
- 5) **Philip G. Satre, President of Harrah's Illinois Corporation; and**
- 6) **John Q. Hammons, Owner of Des Plaines Development Corporation.**

Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

GRAND VICTORIA – REBECCA ANN RIDDLE, SURVEILLANCE DIRECTOR, LEVEL ONE

Donna More was present on behalf of Grand Victoria to request approval for Ms. Riddle.

Member Yandle moved that, **based on a review of the staff's investigation and recommendation, the Board approve Rebecca Ann Riddle as a Level 1 Occupational Licensee of Elgin Riverboat and Resort.** Member Ryder seconded the motion. The Board approved the motion unanimously by voice vote.

GRAND VICTORIA – MICHAGEL GRANINGER, CASINO MANAGER, LEVEL ONE

John Janicik was present on behalf of Grand Victoria to request approval for Mr. Graninger.

Member Levine moved that, **based on a review of the staff's investigation and recommendation, the Board approve Michael Graninger as a Level 1 Occupational Licensee of Grand Victoria Casino.** Member Ryder seconded the motion. The Board approved the motion unanimously by voice vote.

In approving this Occupational License, the Board ordered the following condition:

1. Graninger shall submit to the Administrator copies of his federal and state income tax returns, including copies of any amendments, within thirty (30) days of filing and shall continue to submit his federal and state returns while he remains a licensee of the Board or until further notice of the Board.

The Board also questioned Mr. Graninger about his duties under Section 3000.160 of the Riverboat Gambling Act, and admonished him that he is under an independent duty to report misconduct pursuant to the Board Rule.

EMPRESS CASINO JOLIET – JOHN KEENAN, SURVEILLANCE DIRECTOR. –
LEVEL ONE

Donna More was present on behalf of Empress to request approval for Mr. Keenan.

Member Ryder moved that, **based on a review of the staff's investigation and recommendation, the Board approve John Keenan as a Level 1 Occupational Licensee of Empress Joliet Casino.** Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

ROCK ISLAND – BETH ANN ANDERSON, INTERNAL AUDITOR –LEVEL ONE
Donna More and Ron Wicks, General Manager of Rock Island, were present on behalf of Rock Island to request approval for Ms. Anderson.

Member Ryder asked if Beth Ann Anderson was part-time or full-time.

Ron Wicks stated that Beth Ann Anderson is the Internal Auditor and is working full-time. Mr. Wicks stated that Ms. Anderson is pregnant and will be taking some time off but is considered full-time.

Member Yandle moved that, **based on a review of the staff's investigation and recommendation, the Board approve Beth Ann Anderson as a Level 1 Occupational Licensee of Rock Island Riverworks.** Member Ryder seconded the motion. The Board approved the motion unanimously by voice vote.

ROCK ISLAND – GARY BUETTNER, VICE PRESIDENT OF FIANCE – LEVEL ONE
Donna More and Ron Wicks were present on behalf of Rock Island to request approval for Mr. Buettner.

Member Ryder asked if Mr. Buettner's duties are fully encompassed within his job description as the Vice President of Finance.

Mr. Wicks stated that Mr. Buettner is just responsible for operations and departments authorized under the internal controls system.

Member Ryder moved that, **based on a review of the staff's investigation and recommendation, the Board approve Gary Buettner as a Level 1 Occupational Licensee**

of Rock Island Riverworks. Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

Supplier Licensee Items

SILICON GAMING-ILLINOIS, INC. –Donna More was present on behalf of Silicon Gaming-Illinois, Inc.

Member Yandle moved that, **based on a review of the staff's investigation and recommendation, the Board approve Andrew Scott Pascal as a Key Person of Silicon Gaming-Illinois, Inc.** Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

Occupational Licensees

Member Yandle moved that, **based on the staff's investigation and recommendation, the Board approve 115 applications for an Occupational License Level 2 and 353 applications for an Occupational License Level 3 and deny 3 applications for an Occupational License Level 2 and 8 for an Occupational License Level 3.**

Member Yandle further moved that **the Board direct the Administrator to contact one (1) pending applicant for an occupational license to notify that applicant that staff has recommended that the Board deny the application for an occupational license and provide the applicant with an opportunity to respond.** Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

Disciplinary Complaints

PAUL CZECH, DC-00-07 – Administrator Acosta stated that Mr. Czech pled guilty on May 25, 2000 to a misdemeanor offense of theft.

Member Ryder moved that, **for the reasons stated by the Administrator, the Board issue a Disciplinary Complaint against Paul Czech, a Level 3 Occupational Licensee, for his failure to maintain suitability for an occupational license in that, on May 25, 2000, Mr. Czech pled guilty to a misdemeanor offense of theft.**

Member Ryder further moved that **the Board revoke Mr. Czech's Occupational License. Said action to take affect twenty-one (21) days from the date of service of this complaint unless the licensee files an Answer within that time period.** Member Yandle seconded the motion. The Board approved the motion unanimously by voice vote.

At 4:00 P.M., Member Yandle made a motion to adjourn. Member Levine seconded the motion.

Respectfully submitted,

Monica Thomas
Secretary to the Board